

Number of Times

	1921	1922	1923	1924	1925	1926
Income Available For Fixed Charges.....	\$30.94	\$29.81	\$50.79	\$45.64	\$51.42	\$59.63
Fixed Interest.....	\$17.57	\$17.49	\$17.42	\$16.88	\$16.42	\$15.81
Other Fixed Charges.....	1.24	1.07	1.05	1.17	1.09	1.31
Capital Fund.....	1.57	1.68	3.22	2.26	2.60	3.02
Sinking Fund.....	1.75	1.75	1.75	1.75	1.75	1.75
Secured Contingent Interest.....	3.86	3.85	3.84	3.71	3.61	3.46
Unsecured Contingent Interest.....	4.02	4.01	4.01	3.93	3.87	3.79
Total Charges.....	\$30.01	\$29.85	\$31.29	\$29.70	\$29.34	\$29.14
Number of Times Total Charges were Earned	1.03	1.00	1.62	1.54	1.75	2.05
<i>Cf. Number of Times Total Charges were Earned as Shown on OX 25.....</i>	<i>(1.03)</i>	<i>(.99)</i>	<i>(1.60)</i>	<i>(1.50)</i>	<i>(1.66)</i>	<i>(1.90)</i>
Sinking Fund, Paragraph (6) Article III.	\$.46	.....	\$ 9.75	\$ 7.97	\$11.04	\$15.25
Remaining Available Income for Other Corporate Purposes, including Dividends, Paragraph 7, Article III.....	\$.46	.....	\$ 9.75	\$ 7.97	\$11.04	\$15.25
Maximum Amount Payable as Dividends, Article VII .....	.....	.....	\$ 4.87	\$ 3.98	\$ 5.52	\$ 7.62
Additional Sinking Fund Payments, Article VII .....	.....	.....	\$ 4.88	\$ 3.99	\$ 5.52	\$ 7.63
Total Sinking Fund Payments.....	\$ 2.21	\$ 1.75	\$16.38	\$13.71	\$18.31	\$24.63

NOTE: In this restatement OX 25 is varied only to give effect to application of the Sinking Fund made, in each year, the maximum dividend payment permissible under Article VII of the Plan and that is, without discount or premium. Monies paid into the Sinking Fund under paragraph number and/or series remaining outstanding at the close of the preceding year, subject to the limitations imposed in 1929, because in no year after 1929 would System charges for interest and guaranteed dividends have been paid.

The figures shown hereon do not, and cannot, reflect the cumulative effect of the increase in Art. III (7)), for capital improvements above and beyond the Capital Fund, and for debt reduction.

APPENDIX A

RESTATEMENT OF OX 25; RX 3478

THE BALTIMORE AND OHIO RAILROAD COMPANY

Interest on Convertible 4½% Bonds, due 1960, Would Be Earned Under 1944 Plan
(Money Figures stated in Millions of Dollars)

1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938
\$59.63	\$54.89	\$59.28	\$60.05	\$53.34	\$35.58	\$26.79	\$33.65	\$28.52	\$29.44	\$37.43	\$31.46	\$31.46
\$15.81	\$14.98	\$14.25	\$13.62	\$12.96	\$12.88	\$12.79	\$12.70	\$12.62	\$12.53	\$12.45	\$12.35	\$12.35
1.31	1.84	1.27	1.73	1.02	1.20	1.22	1.19	1.20	1.53	1.82	1.43	1.43
3.02	2.72	2.48	2.72	1.69	1.09	1.09	1.10	1.09	1.09	1.09	1.09	1.09
1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
3.46	3.26	3.08	2.92	2.77	2.76	2.75	2.74	2.72	2.71	2.70	2.69	2.69
3.79	3.70	3.61	3.55	3.49	3.48	3.46	3.45	3.44	3.43	3.41	3.40	3.40
\$29.14	\$28.25	\$26.44	\$26.29	\$23.68	\$23.16	\$23.06	\$22.93	\$22.82	\$23.04	\$23.22	\$22.71	\$22.71
2.05	1.94	2.24	2.28	2.25	1.54	1.16	1.47	1.25	1.28	1.61	1.39	1.39
(1.90)	(1.70)	(1.90)	(1.84)	(1.79)	(1.16)	(.87)	(1.09)	(.97)	(.98)	(1.34)	(1.06)	(1.06)
\$15.25	\$13.32	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75	\$.75
\$15.25	\$13.32	\$32.09	\$33.00	\$28.91	\$11.67	\$ 2.98	\$ 9.97	\$ 4.94	\$ 5.65	\$13.46	\$ 8.00	\$ 8.00
\$ 7.62	\$ 6.66	\$16.04	\$16.50									
\$ 7.63	\$ 6.66	\$16.05	\$16.50									
\$24.63	\$21.73	\$18.55	\$19.00	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50

Sinking Fund payments provided for in paragraphs numbered (2) and (6) of Article III of the Plan and in Article IV and that, consequently, Sinking Fund payments would have been substantially increased. All retirements provided for in paragraph numbered (6), in each year, have been prorated among the bonds of each of the several issues and/or series of bonds imposed by the seventh paragraph of Article VI in respect to the Convertible Bonds. No figures are included for the sinking fund payments on the bonds which have exceeded \$20,000,000. See Article VII of the Plan.

increase in earning power that must result from use of the Capital Fund for essential improvements, and use of monies for the reduction above and beyond the Sinking Fund, and the consequent ability to refinance at lower rates of interest.

Plan

1936	1937	1938	1939	1940	1941	1942	1943	1944
\$37.43	\$31.46	\$19.06	\$30.17	\$37.18	\$52.60	\$76.54	\$58.77	\$48.27
\$12.45	\$12.35	\$12.27	\$12.21	\$12.12	\$12.03	\$11.94	\$11.85	\$11.76
1.82	1.43	1.39	1.29	1.38	1.22	1.15	1.46	1.59
1.09	1.09	1.09	1.09	1.09	1.78	3.75	5.05	5.77
1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
2.70	2.69	2.68	2.67	2.66	2.65	2.64	2.63	2.62
3.41	3.40	3.39	3.38	3.36	3.35	3.34	3.32	3.31
\$23.22	\$22.71	\$22.57	\$22.39	\$22.36	\$22.78	\$24.57	\$26.06	\$26.80
1.61	1.39	.84	1.35	1.66	2.31	3.12	2.25	1.80
(1.34)	(1.06)	(.63)	(1.02)	(1.25)	(1.73)			
\$.75	\$.75	.....	\$ .75	\$.75	\$.75	\$.75	\$.75	\$.75
\$13.46	\$ 8.00	.....	\$ 7.03	\$14.06	\$29.07	\$51.23	\$31.96	\$20.72
\$ 2.50	\$ 2.50	\$ 1.75	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50

the Plan and in Article VII thereof, it being assumed that Petitioner would have paid all retirements through the Sinking Fund are assumed to have been at par— issues and/or series in proportion to the principal amount of each such issue and figures are included in the two lines preceding the last for any year subsequent to

payments, and use of money available for "any other proper corporate purpose" (Plan, lower rates of interest.

IN THE
Supreme Court of the United States

OCTOBER TERM, 1945.

RANDOLPH PHILLIPS, ET AL., *Petitioners,*

v.

THE BALTIMORE AND OHIO RAILROAD COMPANY.

On Petition for a Writ of Certiorari to the United States
District Court for the District of Maryland.

**MEMORANDUM OF RECONSTRUCTION FINANCE
CORPORATION.**

JOHN D. GOODLOE,
General Counsel.

W. MEADE FLETCHER,
Chief Railroad Counsel.

RECONSTRUCTION FINANCE CORPORATION.

May 28, 1946.



IN THE
Supreme Court of the United States

OCTOBER TERM, 1945.

NO. 1220.

RANDOLPH PHILLIPS, ET AL., *Petitioners,*

v.

THE BALTIMORE AND OHIO RAILROAD COMPANY.

On Petition for a Writ of Certiorari to the United States
District Court for the District of Maryland.

**MEMORANDUM OF RECONSTRUCTION FINANCE
CORPORATION.**

This memorandum of Reconstruction Finance Corporation is submitted because of certain statements contained in the above mentioned petition for writ of certiorari filed in behalf of Randolph Phillips, et al., (hereinafter referred to as the Phillips petition).

I. INTRODUCTORY STATEMENT.

Reconstruction Finance Corporation (hereinafter referred to as the RFC), pursuant to the provisions of Section 5 of the Reconstruction Finance Corporation Act, 47

Stat., Chap. 8, P. 5, made certain loans to The Baltimore and Ohio Railroad Company (hereinafter referred to as the B. & O.), which loans were disbursed during the period from April 8, 1932 to March 29, 1938, both dates inclusive.

The RFC holds collaterally secured notes of the B. & O. in an aggregate principal amount in excess of \$80,000,000, of which notes for \$13,490,000 principal amount matured on August 1, 1944, and the balance matured on November 8, 1944.

On February 15, 1944, the B. & O. requested the RFC to extend the B. & O.'s indebtedness represented by said \$13,490,000 principal amount of notes maturing on August 1, 1944 and also, in order to enable the B. & O. to meet in full the balance of August 1, 1944, notes which were in the hands of the public, to either (a) make an additional loan of not to exceed \$6,500,000 to the B. & O.; or (b) permit the B. & O. to obtain a bank loan of not to exceed \$6,500,000.

By letter dated February 19, 1944, the RFC advised the B. & O. that, subject to certain conditions, it was willing to make an additional loan to the B. & O. of not to exceed \$6,500,000 and to extend its existing loan to the B. & O. evidenced by the \$13,490,000 principal amount of notes maturing August 1, 1944. The RFC letter of February 19 provided, among other things, that "said additional loan and said extended loan shall mature on such date or dates as may be hereafter determined." There was also a provision in RFC's letter of February 19, 1944 that, prior to the disbursement of the proposed additional loan, the Company might obtain, through private channels, a temporary loan maturing not later than February 15, 1945.

On March 14, 1944, the B. & O. requested the RFC to extend the loans in the then principal amount of \$71,073,381 maturing November 8, 1944, and to consolidate said loans with the loan evidenced by the \$13,490,000 principal amount of notes maturing August 1, 1944 and to treat all such loans "as one extended loan."

By letter dated April 6, 1944 the RFC advised the B. & O. that it was agreeable "that the proposed additional loan, the proposed extended loan of \$13,490,000, and all indebtedness of your Company to this Corporation maturing on November 8, 1944 shall be treated as one consolidated debt" and expressed its willingness that the consolidated loan should mature on January 15, 1955, subject to the conditions, among other things, (1) that the B. & O. should extend, to a date not earlier than January 15, 1955, its debt to others (other than equipment obligations) maturing during the period between November 8, 1944 and January 15, 1955; (2) that the B. & O. should make such modifications of its interest and other charges on its outstanding securities as should be satisfactory to the RFC; and (3) that the B. & O. should agree to establish and carry out a debt retirement program which should be effective at least until January 15, 1955 and also should be satisfactory to the RFC.

With respect to condition (1) set forth in said letter, it should be noted (a) that it has always been the general practice of the RFC, in making railroad loans or in extending existing loans, to require that such loans by it should not mature subsequent to the maturity dates of important bond issues of the borrower, and (b) that the RFC realized that the B. & O. was faced with large and poorly spaced maturities, between July 1, 1948 and November 1, 1951, both dates inclusive, of publicly held bonds in the aggregate principal amount of \$218,832,350. These bonds consist of several issues but are all "first lien bonds", the liens of which are in general superior to the lien of the \$102,388,750 principal amount of the B. & O.'s Refunding and General Mortgage Bonds which constitute the largest principal item of collateral securing the RFC's loans to the B. & O.

With respect to condition (2) in the letter dated April 6, 1944—the condition which required that the B. & O. should make such modifications of its interest and other charges on its outstanding securities as should be satis-

factory to the RFC—it should be remembered that the RFC was entirely cognizant of the fact that the B. & O. had failed to earn enough to cover its fixed charges in each of the following years: 1932, 1934, 1935, 1937, 1938 and 1939. It was likewise cognizant of the fact that the interest modifications established by the B. & O.'s Adjustment Plan of 1938, which made certain interest charges contingent, would expire in 1946.

In connection with condition (3) in the letter dated April 6, 1944—the condition which required the establishment of a debt retirement program—it should be remembered that the Interstate Commerce Commission, in its annual reports, has been urging that the railroads should do everything within their power to retire their debts and also that, by 15 U. S. C. A. 605m, it is provided with respect to RFC loans to railroads that:

“ . . . the Corporation may require as a condition of making any such loan or renewal or extension for a period longer than 5 years, or purchasing any such obligation maturing later than 5 years from the date of purchase by the Corporation, that such arrangements be made for the reduction or amortization of the indebtedness of the railroad, either in whole or in part, as may be approved by the Corporation after the prior approval of the Interstate Commerce Commission.”

With a letter dated September 13, 1944, the B. & O. (which had meanwhile advised the RFC that it would not need the proposed additional loan from RFC referred to in RFC's said letters of February 19, 1944 and April 6, 1944) submitted to the RFC a draft of an adjustment plan and inquired whether “upon the confirmation of a plan along the lines of the enclosed draft, your Corporation will consider that the conditions specified in your letter of April 6, 1944, will have been met?” This letter requested that RFC extend its B. & O. loans to mature in 1965 instead of 1955, as stated in RFC's letter of April 6, 1944.

By letter dated September 19, 1944, the RFC advised the B. & O. that the RFC would purchase an issue of Collateral Trust 4% Notes maturing January 1, 1965 of a principal amount equal to the aggregate principal amount, as of the date of purchase thereof, of the B. & O.'s August 1, 1944, and November 8, 1944, notes held by the RFC, such Collateral Trust Notes to be secured by the pledge of and to be a first lien upon all of the collateral securing the August 1, 1944 and November 8, 1944 notes of the B. & O. held by the RFC. In considering RFC's letter, it should be borne in mind that the August 1, 1944 and November 8, 1944 notes then and now held by RFC are neither in form nor in denominations nor otherwise suitable for distribution to private investors. The proposed Collateral Trust obligations referred to in RFC's letter would be issued under an indenture (under which there would be a trustee who would hold the collateral) which would provide for their issuance in such denominations as to make them readily salable to private investors.

The B. & O.'s letter of October 14, 1944 to the RFC contained a copy of the B. & O.'s plan put in form for final printing. The B. & O. in that letter requested that the RFC advise whether it would accept the treatment proposed in the plan and whether, subject to all necessary approvals of the Interstate Commerce Commission, it would purchase, at par and accrued interest, the issue of Collateral Trust Bonds provided in the plan. The references in the B. & O.'s letter to "Collateral Trust Bonds" were in accordance with the conditions as to the proposed "Collateral Trust Notes" set forth in RFC's letter of September 19, 1944.

On October 18, 1944 the RFC advised the B. & O. that it would accept the treatment proposed in the plan for the B. & O.'s August 1 and November 8, 1944 notes held by the RFC and would, "subject to all necessary approvals by the Interstate Commerce Commission, purchase at par and accrued interest the Collateral Trust Bonds provided in the Plan for the purpose of refunding the said notes held by

this Corporation, provided the Plan is finally approved and confirmed."

The B. & O.'s said Adjustment Plan, dated September 20, 1944, was twice considered by the Interstate Commerce Commission, in 261 I. C. C. 51 (1945) and 261 I. C. C. 211 (1945) and was later approved by the special three-judge District Court pursuant to the provisions of Chapter XV of the Bankruptcy Act, the opinion of said Court being reported in 63 F. Supp. 542 (1945).

II. STATEMENT OF RFC'S POSITION AND ITS REASON FOR FILING THIS MEMORANDUM.

RFC did not intervene as a party in the proceedings either before the Interstate Commerce Commission or the Special Court.

The sole reason for RFC's submission of this memorandum is that the Phillips petition contains certain statements imputing motives to RFC which are contrary to fact. The RFC deems it its duty, as an agency of the Government, to inform this Court that certain statements, implications, and innuendoes with respect to RFC in that petition are baseless and without foundation in fact.

In the Phillips petition it is contended, among other things, that the B. & O. has not proceeded in good faith and the statement is made (Pet. p. 28) that the RFC has been "a willing partner" of the B. & O. There are also references to "the collusive management plan" (Pet. p. 23) and to "collusive petitions" (Pet. p. 29).

The language of the Phillips petition referred to in the next preceding paragraph of this memorandum seems designed to imply that the decisions of the RFC with respect to the 1944 maturities of the B. & O. notes held by it were arrived at, not in the interest of the RFC, but in the interest of the B. & O.

Since these implications in the Phillips petition are incorrect and since the RFC is an agency of the Government charged with administering the public funds lent by it in

the exercise of its statutory powers, the RFC believes it appropriate to file this memorandum so that this Court may be informed as to the reasons which guided the RFC with respect to its B. & O. notes maturing in 1944 and the reasons why the RFC believes that its actions have been in accordance with its duties and responsibilities.

III. GENERAL STATEMENT.

Under the provisions of Section 5 of the Reconstruction Finance Corporation Act, the RFC is empowered to make loans to railroads, upon full and adequate security, when, in its opinion, funds are not available on reasonable terms through private channels.

During the fourteen years of its existence the RFC, in the exercise of its statutory power, has disbursed upward of One Billion Dollars in loans to railroads and the purchase of railroad obligations. At the present time, it has recovered more than 83% of the total so advanced. The B. & O. indebtedness represents almost 50% of the amount of RFC railroad loans presently outstanding.

This successful record of the RFC in recovering its railroad loans is a sufficient answer to the implication, apparently intended by the statement on p. 28 of the Phillips petition that "The RFC has never in its history foreclosed a railroad pledge or forced a railroad reorganization by refusing to extend a loan", that the RFC has been an unduly lenient creditor of railroads, heedless of its responsibility to take the necessary steps to collect payments of its loans.

The RFC has recovered its railroad loans in two ways: (a) collections from borrowers and (b) sales to private investors of the obligations evidencing its loans.

RFC desires to sell such obligations without discount below their principal amount. Private investors will purchase such obligations from the RFC on this basis only when they are satisfied that the obligations are fully secured and that the issuer of such obligations is in sound financial condition.

In accordance with this practice RFC has endeavored to have its loans to the B. & O. put in such condition that it may dispose of the same to the investing public without loss to the RFC.

A. The Conditions Imposed by the RFC in Its Letter of April 6, 1944, Were Lawful and in the Public Interest.

As we have pointed out, the RFC, in its letter of April 6, 1944 required in effect, as conditions to its consent to extend its loans to the B. & O., that the B. & O. should (1) postpone the maturities of certain of its publicly held bonds to a date not earlier than the extended date of the road's indebtedness to RFC, (2) readjust its interest and other charges and (3) establish a satisfactory debt retirement program.

The condition that the B. & O. should postpone the maturities of its publicly held bonds to a date not earlier than the maturity date of the new Collateral Trust Bonds proposed to be purchased by RFC is the same as that imposed by the RFC generally with respect to its railroad loans. It would have been contrary to sound financial policy for the RFC to extend or make a loan with a maturity date subsequent to the date of maturity of substantial amounts of publicly held bonds, the refunding of which presented a serious problem. In this connection, it should be remembered that the RFC may make loans to railroads only when, in its opinion, the needed funds are not available on reasonable terms through private channels. Since the B. & O. has had to avail itself of financial assistance from the RFC, it is reasonable to expect that, in the absence of an adjustment plan, the road would not be able to effect the refunding of its publicly held senior lien bonds maturing during the years 1948, 1950 and 1951. Accordingly, the extension of such bonds was a necessary condition to the decision of RFC to have its loan to the B. & O. mature subsequent to the present maturity dates of said bonds.

The condition that the B. & O. should adjust its interest charges was occasioned by the fact that, as known

by RFC, the B. & O. in six of the last fourteen years has failed to earn enough to cover its fixed interest charges. While the B. & O., like other railroads, has enjoyed the benefit of substantially larger earnings during the war years, it is not expected that such high earnings will continue in the future. The RFC was therefore acting as a prudent lender when it required that the B. & O. should reduce its fixed charges to an amount which could reasonably be expected to be covered by its earnings, in bad years as well as good.

In this connection, it is to be noted that the Interstate Commerce Commission has frequently pointed out that excessive fixed interest charges have constituted one of the principal stumbling blocks to the well-being of the railroads. In recognition of this fact, the RFC in 1940 prescribed as a condition to assisting the Boston and Maine Railroad with a large loan that it reduce substantially its fixed interest charges. See *Boston & Maine Railroad Reconstruction Loan*, 240 I. C. C. 499 (1940); *Boston & Maine Railroad Readjustment*, 240 I. C. C. 511 (1940).

In 1941, the RFC agreed to extend until 1955 the maturity of \$28,000,000 principal amount of bonds of The Colorado and Southern Railroad Company which it held, upon the condition, among others, that interest on the publicly held bonds of another issue of that Company maturing in 1980 should be reduced and be made partially contingent upon earnings. See *Colorado & Southern Railway Company et al Reconstruction Financing*, 252 I. C. C. 761 (1942); *Colorado & Southern Railway Company Securities*, 254 I. C. C. 47 (1942); in re *Colorado and Southern Railway Company* (U. S. District Court for the District of Colorado, 1943), CCH Bankr. L. S. Sec. 54,303.

Both the Boston and Maine and the Colorado and Southern plans of adjustment have worked out very satisfactorily and the financial condition of those roads has been substantially improved as a result of RFC's action. The \$40,000,000 of Boston and Maine Bonds formerly owned by RFC have now been all satisfactorily disposed of, while the Colo-

rado and Southern has paid off a substantial amount of its bonds held by RFC.

As to the RFC's condition that the B. & O. should establish a satisfactory debt retirement program, it has long been recognized that railroads as a whole are heavily burdened by their large funded debt and that it is in the public interest that every effort should be made to reduce such indebtedness. In this connection, attention is called to the following extracts from Annual Reports of the Interstate Commerce Commission, as quoted by the Senate Committee on Interstate Commerce on page 21 of Senate Report No. 925, second session of the 79th Congress, which Report is entitled "Investigation of Trusteeships Under Section 77 of the Bankruptcy Act and Railroad Equity Receiver-ships":

"In our last annual report, we again discussed the importance of debt reduction. We suggested that the present favorable earnings be used as largely as is practicable for that purpose. We are convinced that both the public interest and the interest of carrier shareholders will in the long run be served by that policy (same)."

• • • • •

"It is gratifying to report that more and more railroads in a position to do so are voluntarily reducing or taking steps looking toward the gradual reduction of their funded debt and the burden of fixed interest charges. Some are using their surplus earnings to retire a part of their funded debt or to purchase on the open market their own outstanding securities or those of their subsidiaries which they have guaranteed."

Thus it appears that the conditions imposed by the RFC in its letter of April 6, 1944, were those of a careful lender, and also in the public interest, requiring a large and important railroad company to reduce its fixed interest charges and to establish and continue a satisfactory program of debt retirement.

B. There Has Been a Marked Increase in the Value of the Collateral Securing the RFC's Loans to the B. & O.

At one time, due to the unfavorable earning record of the B. & O., the RFC's loans to the B. & O. were under-secured, but at the present time they are excellently secured. That such is the fact is admitted on Page 27 of the Phillips petition, where it is stated:

"During this period the collateral securing the debt to the RFC of roughly \$81,000,000 increased in market or appraised value from \$70,000,000 to a total of \$162,000,000 as of December 26, 1944. At the time of the Court's opinion it conceded the collateral a value of \$172,000,000 (p. 560 of 63 F. Supp.)."

From the above quotation, it is apparent that the RFC's loans to the B. & O. are now so well secured that private capital should be interested in acquiring the same, provided that they be put in such shape that they can be distributed among members of the investing public. *They will be put in such shape*, if the Plan is consummated and they are re-funded by the proposed Collateral Trust Bonds.

CONCLUSION.

We submit that the implications in the Phillips petition that RFC has been "a willing partner" of the B. & O. and that the RFC has acted "collusively" with the B. & O. are fully refuted by the fact that, as hereinbefore shown, the RFC's actions with respect to its B. & O. loans were consistent with its actions with respect to others of its important railroad loans and that such actions have been in accordance with the public interest, as defined in the annual reports of the Interstate Commerce Commission previously cited herein.

Respectfully submitted,

JOHN D. GOODLOE,
General Counsel.

W. MEADE FLETCHER,
Chief Railroad Counsel.

RECONSTRUCTION FINANCE CORPORATION.

Dated: May 28, 1946.